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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

23 June 1980

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment  
National Intelligence Officer for Warning

FROM : John H. Holdridge  
National Intelligence Officer for East Asia

SUBJECT : Warning Assessment: East Asia

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The following items were discussed by the Community Representatives at the 18 June Warning Meeting.

1. Japan -- Analysts were reluctant to predict the outcome of the 22 June general elections, although they tended toward a victory by the Liberal Democratic Party. The possibility was mentioned of a coalition government emerging made up of the LDP plus representation from the Democratic Socialist Party or the Komeito. No change in Japan's current policies and relationship with the US was foreseen. It was noted that Nakasone, for years a seeker of the Prime Ministership, now at last has a chance to succeed. Nakasone is known to favor greater Japanese attention to defense, but it was pointed out that even with him as Prime Minister Japan's current economic problems and monetary shortages will inhibit increased defense expenditures. [ ]

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2. Korea -- In the ROK, General Chon Doo Huan's recent activities suggested to analysts that he is using the textbook written by Park Chong Hee [ ]

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battered state of the two political parties -- the DRP is decimated and although the NDP, while still in being, is weakened -- which might require him to organize a new party. It was speculated that if Kim Yong San ran against Chon, Kim would win. [REDACTED] 25X1

3. [REDACTED] 25X1

[REDACTED] 25X1

There is also the question of how the public will accept a new constitution containing elements of the old Yushin constitution, e.g., strong one-man rule and government control of the National Assembly. [REDACTED] 25X1

4. Analysts agreed that for the moment, at least, the country is quiet. Student activists had been arrested or frightened into passivity and the Kwangju riots have not caused people outside the Cholla provinces to react. Nevertheless, the government will need to allow a number of schools to open soon and other unknown factors could go to work and create problems. There is a possibility of assassination and terrorist activities generated by Kwangju students. The government is watching the schools, and there is a brigade of special forces assigned to the campuses. [REDACTED] 25X1

5. Analysts termed the economic situation less than good, but commented also that economic activity was beginning to pick up again. The visit of Ex-Im Bank President Moore had helped in this regard by restoring a measure of economic confidence. Commercial banks are following a wait and see policy with respect to further investments, but have lots of money available and are conscious of the need to protect investments already made. The unemployment figure stands at five percent, but there have been no further labor demonstrations; workers appear to understand that if they demand too much they will be worse off. [REDACTED] 25X1

6. With the security situation quiet, US-ROK relations are satisfactory. The Combined Forces Command is functioning, and ROK troops used to suppress the Kwangju riots are back to normal positions. US-ROK military cooperation has resumed. General Wickham's deputy in the CFC has been appointed to the Special Committee National Security Matters (the new military dominated control mechanism) but may be removed. [REDACTED] 25X1

7. In the North, analysts had not perceived any unusual military indicators. Troops were engaged in normal activities for this time of year, including agriculture. [REDACTED] 25X1

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had occurred elsewhere. This could be read as an indication that the North Koreans were getting their civilian population better prepared for war. [ ]

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8. China -- Following up last month's discussion, analysts called attention to possible frictions at the top on economic issues, as indicated by a spate of Peoples Daily editorials. For example, criticisms had been leveled at unnamed people who had favored a faster pace of modernization -- an issue on which Hua Guofeng is vulnerable, in addition to his vulnerability on the question of material incentives. Nevertheless, the tone of such editorials was neither sharp nor accusative. [ ]

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9. Analysts assume that Deng Xiaoping would indeed resign from his governmental position in August, taking Li Xiannian, Yeh Jianying, and perhaps Hua Guofeng with him. Hua would thus be left with only the Party Chairmanship. It appeared from editorials and other evidence that the top leaders were presently thrashing out issues before the major meetings scheduled for later this year. Analysts referred to the differences between Hua Guofeng's and Zhao Ziyang's definitions of Zhao's duties as Vice Premier, which suggested that Hua might try to hang on to the Premiership. [ ]

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10. On the subject of Sino-US relations, analysts felt that the Chinese are quiet satisfied with the present state of affairs. The 4 June Holbrooke speech and Geng Biao's visit to the US had generated favorable Chinese comments, along with statements affirming coincidence of strategic views between the two countries. On the Geng Biao visit itself, the Peoples Daily commentary spoke first of all about this coincidence of views, and accorded less importance to US arms sales. There were, however, the "usual differences between the US and China on Kampuchea and Pol Pot. [ ]

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11. As an indicator of the current state of Sino-US relations, analysts commented on the large number of people traveling from each country to the other. This had also occurred, it was pointed out, in the case of France, when in the early days of Sino-French relations similar flow of visits had occurred. The present volume of US-PRC travel nevertheless was much greater. [ ]

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12. One analyst remarked upon the key role which Hong Kong is assuming in Chinese policy. The Chinese are putting their representatives into Hong Kong business and commercial concerns in significant numbers, probably to train their people in business practices but also suggesting that Hong Kong has a long-term part to play in China's economic development. [ ]

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13. Commenting upon the Chinese refusal to respond to Soviet feelers on improving Sino-Soviet relations, analysts judged that Beijing's present policies, including expanded relations with the US, are more valuable to the Chinese than achieving some easing of tensions with the Soviets along the border. There was agreement that a failure to continue to realize such benefits could generate some pressures for a change, although there was no sign of this now. There was some speculation that if the Soviets revealed that their bid had been rejected, a considerable degree of ferment could be generated within the Chinese Foreign Ministry and PLA. Apropos of possible potential problems in US-Communist relations, attention was called to the Peoples Daily editorial criticizing Governor Reagan's China policy. [ ] 25X1

14. No particular change in the Soviet OB along the Chinese border had been observed, except for the addition of a new Backfire regiment. [ ] 25X1  
[ ] 25X1

15. Philippines -- Reference was made to the reported manifesto of anti-Marcos activities provided to the Department of State by Senator Aquino, which called for a united front including the Communists against Marcos as well as armed demonstrations. Analysts recalled that a similar manifesto had occurred during elections some two years ago and this added nothing new. It was agreed that the Philippine situation merited close watching, however. [ ] 25X1

16. Indochina -- Analysts addressed the security situation in Kampuchea, noting that the Vietnamese and Heng Semrin forces were having difficulties in maintaining control over the roads, although the level of DK attacks had not reached a point requiring special attention. Eastern Kampuchea was said to be fairly secure, but communications elsewhere were being hit; e.g., Route 4 struck one time, and a press report of an attack on a train NW of Phnom Penh confirmed. Not all these attacks were attributable to the DK; some were caused by elements which were essentially bandits. Heavy rains were now occurring, and Route 6 was under water. WN casualties were evidently fairly low, and Vietnamese troops were undertaking operations of their own. On the other hand, whole units of Heng Samrin troops had been deserting. [ ] 25X1

17. The DK forces were [ ] well supplied with small arms and mines, with the expectation of receiving [ ] additional tons of arms aid by the end of the summer. Hence they were well able to do what they would do -- intensify operations against the Vietnamese. 25X1

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So far, though, this intensification had not occurred. There was no disagreement over the thesis that the DK forces would be in a more difficult position in the next dry season if they failed to take action now. [redacted]

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18. Considerable discussion ensued over the size of the DK forces, with one view maintaining that the total was around 50,000 but with the upper limit of combat or main force units being 30-35,000 with the rest consisting of transport troops, militia, etc. Questioned closely on the methodology for putting forth this view, the analyst concerned outlined the steps through which his judgment was reached. [redacted]

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agreed that the best anyone could come up with on DK strength was an educated guess. [redacted]

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19. On the political side, it was reported that [redacted]

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[redacted] the Chinese were not wedded to the DK. 25X1

There was a possibility from this and some other similar indications of more Chinese aid going to the KPLF or the Khmer Serai. The Thai had been trying to bring together Son Sann and Khieu Samphan. The Heng Samrin units which had deserted had gone over Son Sann, not to the DK, and the Son Sann also claimed penetration into every part of Kampuchea. [redacted]

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20. Attention was also called to signs of possible increased Chinese attention to Northern Laos as an area for stepped-up anti-Vietnamese activity, [redacted]

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where the Lao refugees accepted by China from camps in Thailand had been relocated, to areas along the Chinese border with Laos. Conceivably the Chinese were training some of these refugees for guerrilla operations in Laos. [redacted]

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22. On the subject of the forthcoming ASEAN Foreign Ministers Meeting in Kuala Lumpur, analysts assumed that the main question which Secretary Muskie would be asked was how the US would vote in the next UN General Assembly on Kampuchean representation. Besides this, there was an underlying question on the score of US-Chinese relations and what they entailed for Southeast Asia. The Indonesians and Malaysians were not persuaded that the developing relationships between the US and China were not being undertaken at their expense. [ ]

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23. Analysts suggested that the Thai might run into problems connected with the new effort to repatriate Kampuchean refugees from the camps located in Thailand. Nobody much was anxious to return -- only 500 to 600 people had agreed to go -- and the Vietnamese were also objecting. There was a chance that the Vietnamese might try to scare some of the repatriates back into Thailand. [ ]

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24. The Soviet presence in Vietnam was touched upon briefly. It appeared that the Soviets were concentrating this presence at Cam Ranh Bay by moving their air activities there from Danang. [ ]

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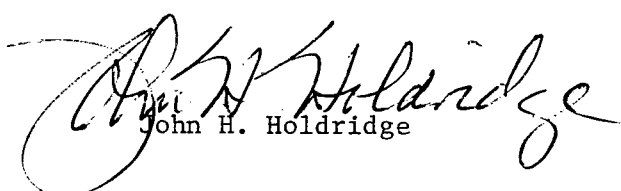
[ ] There was no indication to suggest [ ] that the Soviets were in any way cutting back on their aid to Vietnam. [ ]

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25. Thailand -- The performance of Prime Minister Prem since he assumed office was summed up as not being too good. So far Prem had escaped serious criticism, but a critical point could come in about three months more unless he faced up to some of Thailand's pressing problems. This point in time would coincide with the date of announcing new military promotions, which could also cause additional trouble for Prem. [ ]

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